

~~CONFIDENTIAL~~

4 February 1954

NOTE A. FOREIGN SERVICE

1. Retirement in the Foreign Service is by permission of the Secretary of State.
2. Foreign Service Officers deposit in the retirement fund 5% of their salary.
3. The Secretary of State is authorized to declare certain posts unhealthful (not hardship)(see attached list). A Foreign Service Officer may receive, for each year of service at an unhealthful post, one half year extra credit (or one percentage point) towards his eventual annuity. The annuity of a \$10,000-a-year FSO retiring with 4 years at an unhealthful post is thus augmented by \$400 a year. To receive this, however, he must have waived at the beginning of his tour the post differential, if any.
4. The Secretary of State is authorized to establish post differentials at certain posts to compensate for remoteness, living conditions, etc., by which base salaries are augmented by 5, 10, 15, 20 or 25%. Thus 4 years of service at a 25% differential post is equal to one extra year's base salary.
5. A \$10,000-a-year FSO, in contemplating 4 years service at unhealthful posts which have 25% post differentials, has to choose between \$400 a year extra annuity when he retires, or \$10,000 cash within the next 4 years. In practice he most often chooses the latter presumably on the theory that \$10,000 cash in hand is more desirable than \$400 a year additional income many years in the future.
6. For this reason the unhealthful post provision of the Foreign Service Act is largely ineffective.

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**Note B      CIVIL SERVICE RETIREMENT (P.L. 854 eff. 1 Oct. 1956)**

- 1. Agency employees deposit in the retirement fund 6 $\frac{1}{2}$ % of their salary.**
- 2. Retirement is mandatory only at age 70 if individual has completed 15 years of service (5 of which are civilian).**
- 3. Voluntary retirement can occur at age 55 and after as follows: Age 62 with 5 years civilian service; Age 55 to 60 with 30 years service (5 civilian) on a reduced annuity (see paragraph 5).**
- 4. An individual may receive an immediate annuity if he is involuntarily separated at age 50 after 20 years service (5 of which must be civilian) To be eligible for the immediate annuity, the involuntary separation may not be effected on charges of misconduct or delinquency but may be effected as a result of such conditions as reduction in force, lack of funds, inefficiency, disability, failure to qualify during probation, etc.**
- 5. In the case of voluntary retirement prior to age 60 or involuntary retirement, the immediate annuity is reduced by 1% for each year under 60 between 60 and 55 and 2% for each year under 55. Thus a person involuntarily separated at age 50 would be entitled to an immediate annuity reduced by 15%.**
- 6. A special provision, very similar to the basic formula for the Foreign Service, is available for law-enforcement employees as follows:**
  - a. Age 50 or over**
  - b. 20 years in law-enforcement work**
  - c. At least 1 year immediately preceding retirement in a position whose duties entail primarily the investigation, apprehension or detection of persons suspected or convicted of offenses against the criminal laws of the U.S.**
  - d. Recommendation by Agency Head.**
  - e. Individual statement of hazard by Agency Head.**
  - f. Approval by Civil Service Commission.**